MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

PBF0024 – FUNDAMENTALS OF PERSONAL FINANCE

(All sections/Groups)

13 FEBRUARY 2023
2.30 p.m. -4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **THREE** pages with **FOUR** questions only.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

Structured Questions (100 Marks)

QUESTION 1

Part A

Consumer loans are known as formal contracts that deals with the amount of borrowing and consist of the period of repayment. Not only that, it also will comprise of the method of repayment. James is aware of this information and would like to apply for a single-payment loan. The loan amount that he decided to apply was RM8,000 with an interest rate of 10% per annum. James stated that he would like to repay within six months.

a) Briefly explain what is APR? (2 marks)

b) Calculate the Annual Percentage Rate (APR) using the simple interest method. (5 marks)

c) Calculate the Annual Percentage Rate (APR) using the discount method. (4 marks)

d) What will be the monthly payment of James's loan if he wishes to use the add-on method (2 marks)

Part B

a) Briefly explain the following terms in loan contracts.
   i) Security agreement (2 marks)
   ii) Note (2 marks)
   iii) Default (2 marks)
   iv) Acceleration clause (2 marks)
   v) Deficiency payments clause (2 marks)
   vi) Recourse clause (2 marks)

(Total: 25 marks)

Continued...

QUESTION 2

Part A

a) Gary has been working as a manager for the past 8 years and he is thinking of purchasing a house. However, he has doubts about his affordability to pay for a mortgage. As a friend of Gary, advise him on another way that he can choose besides having to purchase a house.

(1 mark)

b) Based on your answer in part (a), you are required to provide Gary with relevant specification on the best time to execute the stated choice.

(4 marks)

c) List **THREE** non-financial aspects and **TWO** financial aspects that have to be considered by Gary based on the suggested option in part (a).

(5 marks)

Part B

a) Salina decided to purchase a car which cost RM66,600. She saved RM7,000 and would like to use it as a down payment for the car. The interest rate is 4% per annum and Salina decided to repay in 7 years. Calculate her monthly installment for her hire purchase loan. (6 marks)

b) One of the major purchase decisions is to purchase a vehicle. However, individuals have to be diligent in purchasing one for themselves. What are the procedures that can be implemented in purchasing a vehicle? (4 marks)

c) Assume that Salina has just starting working and decided to purchase a car. In your opinion, do you think it is advisable for her to do so? State your reason for the answer given. (1 mark)

Part C

There are **FOUR (4)** types of loan that the borrower can choose when considering the housing loan. Briefly explain about:

i. Conventional loan and Islamic financing (2 marks)

ii. Fixed interest rate and Floating interest rate loan (2 marks)

(Total: 25 marks)

Continued...

QUESTION 3

Part A

a) Briefly explain the meaning of general insurance. (1 mark)

b) There are two categories of general insurance product that is personal lines and commercial lines. Give **TWO (2)** examples of insurance product under the **TWO (2)** stated categories. (4 marks)

c) Identify **FIVE (5)** functions of SOCSO. (5 marks)

Part B

a) State **FIVE (5)** benefits of digital investment. (5 marks)

b) State **FIVE (5)** risks of digital investment. (5 marks)

c) What is the difference between investment and speculation? Provide **ONE (1)** example of investment and **ONE (1)** example of speculation. (5 marks)

(Total: 25 marks)

QUESTION 4

Part A

a) List down **FOUR (4)** conditions to enable full withdrawal of EPF accounts. (4 marks)

b) Identify **THREE (3)** types of benefits under the pension scheme. (3 marks)

c) There are seven steps available to plan for retirement. The **first step is to set goals.** Describe **FOUR (4)** issues that need to be considered in **setting the goal** for retirement. (4 marks)

d) List down **FOUR (4)** steps of estate planning. (4 marks)

Part B

a) You have a friend who was laid off a few months ago and just started a small business to make ends meet. As a concern friend, you would like to help your friend who is really in financial trouble.

State and explain **FIVE (5)** signs of your friend getting into financial trouble. (5 marks)

b) What are financial scams? List down **FOUR (4)** types of financial scams. (5 marks)

(Total: 25 marks)
End of Paper